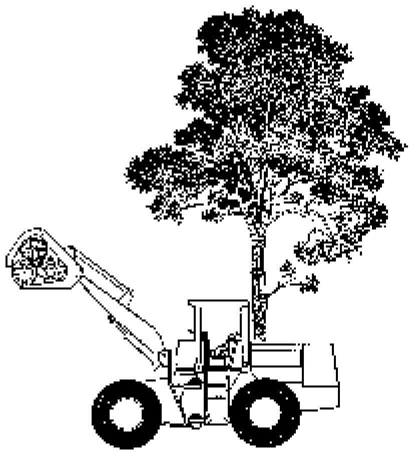
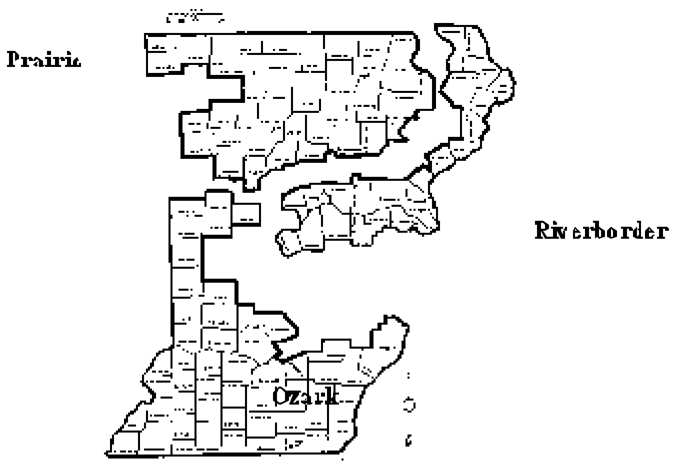
Missouri Timber Price Trends



Quarterly Market Report
Vol. 7 No. 4
October - December, 1997

Missouri Department of Conservation

Price Reporting Regions



Missouri Timber Price Trends tracks market prices for Stumpage and Delivered Logs. Reports on the Stumpage Market are received from Missouri Department of Conservation Resource Foresters and private consulting foresters. Stumpage refers to timber sold on the stump and does not reflect delivered mill prices. Reports on the Log Market give delivered log prices and are compiled from reports submitted by sawmills and other wood processing plants. These reports should serve as a **general** guide to track stumpage and delivered log prices. Landowners should not use this report to replace a timber inventory and marketing assistance as methods of conducting a sale. Missouri Department of Conservation Resource Foresters will be able to provide information on current, local market conditions. Details of all private sales and delivered prices are kept confidential.

Tree Scale Conversion Factors

Sawlogs - Veneer Logs		Int'l = Doyle x 1.38
		Int'l = Scribner x 1.18
Pulpwood	Pine	5,200 lbs/cord
	Hardwood (hard)	5,600 lbs/cord
	Hardwood (soft)	4,200 lbs/cord

STATEWIDE TIMBER STUMPAGE PRICE TRENDS IN MISSOURI

(October - December, 1997)

	High $/MBF	Low $/MBF	Weighted Average	Previous Quarter	Last Year	Number of Reports	Total Volume (Board Feet)
Veneer Logs							
Basswood	$240	$240	$240	-	-	1	1667
Black Walnut	$1865	$1020	$1475	-	-	5	15854
White oak (group)	$1555	$480	$900	$835	-	4	18156
Sawlogs							
Ash	$335	$80	$170	$60	-	4	9218
Black Walnut	$690	$275	$380	$105	-	5	17697
Cherry	$335	$80	$215	-	-	2	371
Cottonwood	$60	$50	$50	-	-	3	97592
Hackberry	$180	$95	$105	$60	-	2	17083
Hard Maple	$335	$335	$335	-	-	1	1558
Hickory	$110	$75	$75	$70	-	5	5861
Mixed Hardwoods	$370	$65	$100	$120	-	11	599516
Oak (mixed species)	$320	$70	$180	$135	-	7	1041751
Red oak (group)	$565	$80	$180	$175	-	14	1036227
S Yellow Pine	$210	$65	$175	$90	-	3	80920
Soft Maple	$310	$110	$290	-	-	3	137042
Sycamore	$85	$85	$85	-	-	1	4900
White oak (group)	$605	$80	$150	$135	-	16	844204
Yellow Poplar	$335	$335	$335	-	-	1	14779
Stave Logs							
White oak (group)	$510	$230	$295	$235	-	3	29309
Fence Posts							
S Yellow Pine	$1.40	$.30	$.63	$.32	-	3	5080 Each
Pulpwood							

OZARK TIMBER STUMPAGE PRICE TRENDS IN MISSOURI

(October - December, 1997)

	High $/MBF	Low $/MBF	Weighted Average	Previous Quarter	Last Year	Number of Reports	Total Volume (Board Feet)
Veneer Logs							
Black Walnut	$1865	$1200	$1685	-	-	3	10437
Sawlogs							
Ash	$80	$80	$80	-	-	1	886
Black Walnut	$690	$275	$365	$415	-	3	8530
Cherry	$80	$80	$80	-	-	1	171
Hickory	$110	$75	$75	$80	-	5	5861
Mixed Hardwoods	$370	$75	$100	$120	-	8	576230
Oak (mixed species)	$225	$120	$175	$130	-	5	682951
Red oak (group)	$320	$80	$150	$195	-	11	905315
S Yellow Pine	$210	$65	$175	$90	-	3	80920
White oak (group)	$250	$80	$135	$120	-	9	720829
Stave Logs							
White oak (group)	$340	$230	$260	$235	-	2	25600
Fence Posts							
S Yellow Pine	$1.40	$.30	$.63	$.32	-	3	5080 Each
Pulpwood							
Mixed Hardwoods	$4	$4	$4	-	-	1	62 Cords

PRAIRIE TIMBER STUMPAGE PRICE TRENDS IN MISSOURI

(October - December, 1997)

	High $/MBF	Low $/MBF	Weighted Average	Previous Quarter	Last Year	Number of Reports	Total Volume (Board Feet)
Veneer Logs							
Basswood	$240	$240	$240	-	-	1	1667
Black Walnut	$1200	$1020	$1060	-	-	2	5417
White oak (group)	$480	$480	$480	-	-	2	10000
Sawlogs							
Ash	$300	$120	$150	$60	-	2	7083
Black Walnut	$480	$360	$390	$60	-	2	9167
Cottonwood	$50	$50	$50	-	-	2	89475
Hackberry	$180	$95	$105	$60	-	2	17083
Oak (mixed species)	$320	$70	$195	-	-	2	358800
Soft Maple	$310	$265	$290	-	-	2	134375
White oak (group)	$235	$170	$215	$70	-	4	91833

RIVERBORDER TIMBER STUMPAGE PRICE TRENDS IN MISSOURI

(October - December, 1997)

	High $/MBF	Low $/MBF	Weighted Average	Previous Quarter	Last Year	Number of Reports	Total Volume (Board Feet)
Veneer Logs							
White oak (group)	$1555	$1365	$1415	$835	-	2	8156
Sawlogs							
Ash	$335	$335	$335	-	-	1	1248
Cherry	$335	$335	$335	-	-	1	200
Cottonwood	$60	$60	$60	-	-	1	8117
Hard Maple	$335	$335	$335	-	-	1	1558
Mixed Hardwoods	$335	$65	$180	$120	-	3	23287
Red oak (group)	$565	$190	$390	$175	-	3	130912
Soft Maple	$110	$110	$110	-	-	1	2667
Sycamore	$85	$85	$85	-	-	1	4900
White oak (group)	$605	$120	$405	$155	-	3	31543
Yellow Poplar	$335	$335	$335	-	-	1	14779
Stave Logs							
White oak (group)	$510	$510	$510	-	-	1	3709

Missouri Log Market Report

Missouri Department of Conservation, Forestry Division
University of Missouri, Forestry Extension
Missouri Forest Products Association

Welcome to the **Missouri Log Market Report**. This report is intended to provide information on delivered log prices and market conditions for loggers and mill operators. Landowners can benefit by tracking market conditions for the various wood products harvested from a tree.

The Log Market Report is published as a cooperative effort of the Forestry Division of the Missouri Department of Conservation, University of Missouri-Extension and the Missouri Forest Products Association.

The report details prices for **Grade Logs** by species and grade; and prices for **Below Grade Logs** by species and intended end use, such as blocking, pallet lumber or ties. All prices are based on the average mean within the grade standard or product line. Absolute maximums or minimums are not reported. All prices are based on a thousand board feet unit using the International 1/4" Log Scale. Log grades used in this report are based on the following **minimum** criteria:

	Grade 1	Grade 2	Grade 3
Minimum Diameter	13-15"	11"	8"
Minimum Log Length	10'	8'	8'

We hope you find the information useful and will be working to expand the number of participating mills; reported species and products (veneer, etc); and the range of coverage for the report. All information provided by the participating mills is confidential.

If you have any questions, comments, or would like to participate in the reporting program, please call Shelby Jones at (314) 751-4115, Extension 109.

Average Statewide Delivered Prices
Dollars per Thousand Board Feet, International ¼" Scale
(October - December, 1997)

Veneer Logs

Species	High	Low	Avg.
Black Walnut	$540	$540	$540
White oak (group)	$1200	$420	$740

*** 4 Mill(s) reporting.**

Sawlogs

Species	Grade 1	Grade 2	Grade 3
Ash	$405	$305	$215
Black Walnut	$680	$525	$385
Cherry	$600	$390	$250
Cottonwood	$230	$190	$185
Eastern Redcedar	$345	$345	$345
Elm	$215	$190	$180
Gum	$250	$200	-
Hackberry	$255	$220	$220
Hard Maple	$570	$345	$230
Hickory	$245	$200	$195
Pecan	$250	$200	-
Red oak (group)	$495	$335	$225
S Yellow Pine	$195	$195	$180
Soft Maple	$410	$325	$310
Sycamore	$240	-	-
White oak (group)	$475	$335	$230

*** 28 Mill(s) reporting.**

Average Ozark Delivered Prices
Dollars per Thousand Board Feet, International ¼" Scale
(October - December, 1997)

Sawlogs

Species	Grade 1	Grade 2	Grade 3
Ash	$360	$285	$220
Black Walnut	$455	$370	$295
Cherry	$380	$275	$245
Cottonwood	$150	$150	-
Eastern Redcedar	$345	$345	$345
Elm	$250	$200	-
Gum	$250	$200	-
Hackberry	$260	$260	$260
Hard Maple	$285	$230	$220
Hickory	$205	$200	$200
Pecan	$250	$200	-
Red oak (group)	$380	$295	$205
S Yellow Pine	$195	$195	$180
Soft Maple	$220	$220	$220
White oak (group)	$350	$255	$210

*** 19 Mill(s) reporting.**

Average Prairie Delivered Prices
Dollars per Thousand Board Feet, International ¼" Scale
(October - December, 1997)

Veneer Logs

Species	High	Low	Avg.
Black Walnut	$540	$540	$540
White oak (group)	$600	$420	$510

*** 3 Mill(s) reporting.**

Sawlogs

Species	Grade 1	Grade 2	Grade 3
Ash	$510	$345	$230
Black Walnut	$820	$660	$540
Cherry	$650	$440	$260
Cottonwood	$265	$230	$185
Elm	$180	$180	$180
Hackberry	$260	$210	$180
Hard Maple	$600	$330	$230
Hickory	$360	$240	$180
Red oak (group)	$745	$420	$290
Soft Maple	$660	$420	$340
White oak (group)	$765	$495	$290

*** 6 Mill(s) reporting.**

Average Riverborder Delivered Prices
Dollars per Thousand Board Feet, International ¼" Scale
(October - December, 1997)

Veneer Logs

Species	High	Low	Avg.
Red oak (group)	$360	$360	$360
White oak (group)	$1200	$1200	$1200

*** 1 Mill(s) reporting.**

Sawlogs

Species	Grade 1	Grade 2	Grade 3
Ash	$390	$240	$145
Black Walnut	$810	$720	$240
Cherry	$960	$720	$240
Cottonwood	$240	-	-
Hard Maple	$840	$600	$240
Red oak (group)	$795	$540	$210
Soft Maple	$240	-	-
Sycamore	$240	-	-
White oak (group)	$840	$540	$180

*** 3 Mill(s) reporting.**

Average Statewide Delivered Prices
Dollars per Thousand Board Feet, International ¼" Scale
(October - December, 1997)

Below Grade Logs

Species	Blocking	Pallet	Tie
Ash	$170	$175	$215
Black Walnut	$120	$170	$185
Cherry	$165	$160	$200
Cottonwood	$170	$190	$250
Elm	$160	$185	$230
Gum	$140	$155	$230
Hackberry	$165	$185	$230
Hard Maple	$185	$185	$245
Hickory	$160	$180	$205
Pecan	-	$195	$250
Red oak (group)	$160	$180	$205
S Yellow Pine	$150	$165	$215
Soft Maple	$170	$195	$245
White oak (group)	$165	$180	$210

*** 25 Mill(s) reporting.**

QUARTERLY MARKET CONDITIONS

31 mills, with a combined annual production of 102,487,000 board feet, participated in the October - December, 1997 survey of log and lumber market conditions. In addition, foresters reported stumpage prices resulting from 36 timber sales containing 3,978,847 board feet located throughout the state. Scrag logs= $47/Cord. Or $155/MBF Int'l. Or $20/Ton. Scrag bolts: $50/Cord. Stave logs: $510/MBF Int'l.

Log Markets

The most obvious fact coming from the reports of 35 mills who reported price data for last quarter is that markets were universally good for almost every product imaginable. Hardly any markets declined. The exceptions mentioned were all specific grades of lumber for a few species, e.g. lower grade walnut, #1 common white oak, and #1 common cottonwood. A general feeling predominates that these market conditions will continue at least through the next quarter. There also seems to be an outlook that market conditions are leveling out and that demand for wood products will remain quite high, but without significantly higher prices.

As reported last quarter, a significant number of mills reported operating at less than full capacity mainly because of a less than adequate supply of logs. It is obvious that log inventories are generally low throughout the state making mills vulnerable to poor weather conditions and increased stumpage prices being sought by landowners. Competition for logs of all grades is keen and increasing, driving stumpage prices upward. Many sawmillers seem to be trying to maintain lower log inventories and hope logs will continued to be delivered at a rate that will sustain their production needs. This could also be a hedge against possible Spring market conditions that would not support processing expensive logs inventories. In general, wood products markets

appear to be exceeding the capacity of hardwood sawmills to produce and the prices being offered are greater than most can remember. The other side of that coin is that the cost of logs has also risen, sometimes more than increase in prices being paid for sawn products. “Reading between the lines” in the price reports, I suspect that a significant number of sawmills are being caught in this squeeze and finding their “profit” margin decreasing at the very time when they feel they should be doing better. These are the economic times when investments in more efficient technology and equipment plus sound business practices have their greatest payoff. It is a time when everyone should be paying close attention to their accounting records and knowing what products your facility can produce most efficiently.

I was somewhat surprised by the prices reported for walnut grade sawlogs this quarter. Cherry, Ash, and Soft Maple delivered prices also seem to be up, even though the national market reports seem to be indicating soft lumber markets for those species. Demand for Hard Maple logs remains steady, especially in the Prairie and River Border region at prices fairly close to those reported in the past two quarters. Again, the national reports indicate buyers of hard maple lumber are tightening specs and resisting further price increases. Red oak just seems to keep increasing in demand and prices rise accordingly. White oak veneer markets seem better than last year with good demand. For the first time ever, we had some basswood veneer log prices reported in Missouri. We don’t have much basswood period in Missouri, but some of the Lake States producers seem to have drifted this far south searching for new supplies.

Demand for crossties continues to expand that market and competition for suitable sized logs continues to drive up tie log prices. Some of this demand appears to be effecting pallet log prices and possibly white oak stave logs prices simply because of competition for available logs. Real increases in demand within the pallet industry have added to price increases. Flooring lumber has also increased in demand, creating yet another reason for competition for lower grade logs. Stave log prices have also risen in response to competition from sawmills for upper grade sawlogs and as mentioned earlier, increased demand for tie logs. Scarcity of larger and higher quality white oak logs is also playing a role. However, the stave log market has been more steady than most through the past three decades. There is no reason to expect that the demand for stave logs will decline in the foreseeable future. This is one you can count on!

Stumpage Markets

The commentary for stumpage prices is parallel to those for delivered log prices. Almost every species seems to be in demand presently. Soft hardwoods, with the exception of soft maple, are commanding the lowest prices in our report, but we don’t have many sales reported by foresters for these species. Cottonwood may have actually decreased $5-10 per MBF, but there was less than 100 MBF of sales reported which doesn’t give us a very good test of the overall market.

Walnut prices appear to be improved for sawlog quality trees. If you have low grade walnut ready to sale, the next two months might be a good time to test the markets in your area. It certainly appears to be a better market than anytime within the past year.

Red oak prices have again increased for practically all grades of logs. White oak veneer and staves are also at seasonal highs plus strong demand from competing markets. Larger diameter and higher quality white oak trees will continue to produce good returns for the next quarter. If you are contemplating a sale of these items, a professional forester assisted sale is advisable.

Markets for tie logs are very active and will accept a wide variety of species. For example, demand for ties and pallet cants is probably what caused a small price increase in Hickory stumpage. We have also received several inquiries about supplies of small Hickory saplings (1"-4" diameter) for use in rustic furniture manufacturing. This appears to be a sizable market that could be accessed by active landowners with no specialized equipment. If you would like to know more about this market, contact Shelby Jones at (573) 751-4115, Ext. 109.

Three sales of pine posts were reported this quarter and it appears that stumpage prices for posts are still good. Do you have a pine plantation that needs thinning? If so, contact your local MDC forester.

MISSOURI DEPARTMENT OF CONSERVATION
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